

America, but urban inner city areas also lack the physicians and other health professions they need to provide essential health services.

Despite an increased supply of physician manpower, the need for the corps remains high. Indeed, as of 2 years ago, the Department of Health and Human Services had designated 2,000 shortage areas.

Up until this reauthorization, the primary means of recruiting physicians for the corps has been to provide scholarships for medical education which are then repaid through service in the corps. This legislation provides an additional method of recruitment—loan repayment. The loan repayment method has, in fact, several advantages as compared to the scholarship program. With loan repayment, the lead time between contracting to serve with the corps and actually fulfilling that contract is shortened. Thus, planning for the corps' needs will be facilitated. With two options—scholarships and loan repayments—the corps will have increased flexibility in selecting candidates and in meeting changing needs for specialists.

The Secretary of Health and Human Services will be required by this bill to report annually to Congress on the number of health care providers who will be needed for the corps during the subsequent 3 fiscal years. In addition, the Secretary shall propose in his report the proportionate number of scholarships and of loans required to meet the need identified. The bill authorizes the appropriation of such sums as needed to fund the level and diversity of field strength recommended by the Secretary.

This bill also includes a new demonstration program allowing State governments to select corps obligees for loan repayment using criteria approved by the Secretary. One million dollars would be authorized to fund this new initiative.

Another of the important features of this legislation is the proposed amendment to the current provisions designating health manpower shortage areas. With the enactment of this bill, the Secretary would not remove an area from those designated as health manpower shortage areas until the Secretary has afforded interested persons and groups the opportunity to provide information concerning this potential change and has carefully considered this testimony. In addition, the ability to pay for health services will be added to the list of indicators used to determine the need for health services in an area.

The bill also includes a reauthorization for the corps field program at \$65 million per year for 3 years.

#### CONCLUSION

Mr. President, the programs authorized by this bill are essential to our effort to provide a healthier America.

I urge prompt enactment of this legislation.●

By Mr. McCONNELL (for himself, Mr. PACKWOOD, Mr. COHEN, Mr. D'AMATO, Mr. DOMENICI, Mr. EVANS, Mr. GARN, Mr. GRASSLEY, Mr. LUGAR, Mr. MCCAIN, Mr. PRESSLER, Mr. QUAYLE, Mr. RUDMAN, Mr. SPECTER, and Mr. WILSON):

S. 1308. A bill to amend the Federal Election Campaign Act of 1971 to prohibit direct contributions to candidates by multicandidate political committees, require full disclosure of attempts to influence Federal elections through "soft money" and independent expenditures, and correct inequities resulting from personal financing of campaigns; to the Committee on Rules and Administration.

#### FEDERAL CAMPAIGN REFORM ACT

Mr. McCONNELL. Mr. President, I rise today to introduce, on behalf of myself and my distinguished colleagues, Senators PACKWOOD, COHEN, D'AMATO, DOMENICI, EVANS, GARN, GRASSLEY, LUGAR, MCCAIN, PRESSLER, QUAYLE, RUDMAN, SPECTER, and WILSON, the "Federal Campaign Reform Act of 1987."

Much attention has been devoted in recent months to the issue of campaign finance reform, from both sides of this aisle, and from the public. We believe this outpouring of concern has been, for the most part, a sincere response to very real problems and abuses in our electoral system.

Elections have grown increasingly expensive, partly because of more competition between candidates, which is beneficial, and partly because of the increased importance of expensive broadcast media as a forum for the public debate on issues and candidates' records. As the need for campaign funds has grown, so has public concern about the potential for corruption and influence buying.

Our democratic system depends on an electoral system that is free from any taint of corruption. On several occasions, Congress has acted to strengthen disclosure requirements and limit the size of contributions, most notably after the crisis of public trust following Watergate. These measures have been largely successful in eradicating corruption; nonetheless, several gaps exist in the post-Watergate reforms which must be permanently closed.

Before meaningful reform can be achieved, however, we must build a consensus on what the true problems and abuses are, and what solutions would be both effective and appropriate. Nowhere does the law of unintended consequences wreak greater havoc than in the area of campaign finance reform. One good example is how quickly political action committees [PAC's] have been transformed

from yesterday's reform into today's villain.

S. 2, the campaign finance reform bill reported out of the Senate Rules Committee, is likely to open a hornet's nest of destructive consequences, without achieving any of its purported goals. Rather than address leading issues such as potential corruption or high campaign costs, S. 2 proposes a costly and cumbersome politician's entitlement program to fund Senate campaigns out of tax revenues.

Though S. 2 would cost taxpayers about \$100 million every election cycle, it would shave only 9 percent off of current spending levels. Yet, this bill cracks down on grassroots political party activity, limiting sponsorship of yard signs, bumper stickers, and volunteer participation to 1 cent per voter. A penny for your political thoughts? We believe the first amendment of the Constitution places a far higher value on the right to organize and express political beliefs.

Given the strong public concern about the Federal deficit, we believe it is outrageous for Congress to pursue such an irresponsible and flagrantly self-serving program. We must be able to come up with reforms that make more sense and make a real difference, rather than throw a lot of money away on a misguided and ultimately harmful politician's entitlement program.

In the interest of expanding the campaign finance reform debate, we have introduced the "Federal Campaign Reform Act of 1987." Of course, it is nearly impossible to formulate any completely agreeable and definitive solution to matters as delicate and complex as our electoral system. Nonetheless, we have identified several key areas where the work of the post-Watergate reforms remains incomplete, and where action is needed to stop both real and perceived abuses.

First of all, our bill would prohibit direct PAC contributions to candidates. They may still express themselves independently, and give to political parties; but we should forbid any contributions which even remotely resemble influence-buying. We happen to feel that current contribution limits and disclosure laws adequately control the power of PAC's. But if the public believes that PAC's exert undue influence on national policymaking, then we ought to meet that concern directly, instead of wiping out our entire voluntary contribution system with a Government-controlled, tax-funded campaign finance program.

In fact, although S. 2 promises much with regard to PAC limits, it would still let PAC's slip at least \$25 million to their favorite candidates each election, since S. 2 doesn't fund primary races. Moreover, the aggregate limit that S. 2 proposes (that is, no more

than 30 percent of each candidate's contributions may come from PAC's) would encourage a first-come, first-served relationship between candidates and PAC's. Large, well-heeled PAC's will race to fill up the candidates' coffers first, ensuring that politicians hear only the voices of the richest, most powerful vested interests.

Our bill also would require disclosure of the vast amounts of "soft money" that PAC's, corporations, unions, and other organizations spend to influence elections. Presently, money and services provided in connection with "independent" ad campaigns, mass mailers, and slanted get-out-the-vote drives are wholly exempt from disclosure, a loophole that renders virtually meaningless all other limits and controls on contributions. S. 2 on the other hand clamps down on already limited, fully disclosed funds, while quietly protecting this massive, invisible flow of money to campaigns. Thus, as with PAC's, S. 2 preserves the most potentially corruptive sources of funds, and shifts the balance in favor of already powerful interests.

Real reform must also include control on independent expenditures, and on the often negative ads which these expenditures finance. Our bill requires any person or entity making an independent expenditure to disclose the nature and purpose of the expenditure to the Federal Election Commission, to all affected candidates, and to the public, if the expenditure is used to finance an advertisement. This bill also requires disclosure of independent expenditures totaling more than \$10,000, and further reporting of each additional \$5,000 made above the \$10,000 threshold. Last, the bill tightens the definition of "independent expenditures", to stop any secret consultation or coordination of supposedly independent efforts with the candidate's campaign.

This bill would provide for better disclosure of party finances, including contributions and expenditures not directly related to elections, and "soft money" activities by Federal, State, and local political parties. Unlike S. 2, our bill does not seek to deter grassroots political organization and activity in any way; rather, it intends only that any possible abuses be deterred or flushed out by full disclosure to the public.

Further, we ought to ensure a level playing field in elections involving wealthy candidates, by eliminating the "millionaire's loophole" to the post-Watergate contribution limits. If a candidate intends to spend or loan massive personal funds on his campaign, our bill would allow his opponents to accept larger contributions. It's time to stop Congress from becoming nothing more than an exclusive club for millionaires.

Last, we need a bipartisan commission to analyze current problems and develop sensible reforms to our current campaign finance system. Rather than have different rules apply for the Senate and House, this bill would apply to elections to both Chambers. Further, we don't want to delay reform until next year; this bill is designed to take effect immediately upon enactment.

We look forward to discussing these reforms, and broadening the debate with views and concerns that have not yet been adequately addressed. In fact, we believe that many of the most pressing problems are virtually ignored in S. 2. At the same time, we must keep in mind that our system of voluntary private contributions is one of the foundations of the American electoral process, and must therefore be carefully preserved. We should address the problems within this system directly, not by laying waste to one of the original pillars of our unique democratic system.

Mr. President, we ask those sincere advocates of reform who now support S. 2 to take a closer look at the bill handed to them by the Rules Committee. We believe that if they carefully analyze what S. 2 does, they will find it an unsupportable response to the concerns they have identified. S. 2 does little to control PAC's; in fact, its aggregate limit is likely to tip the balance completely in favor of the most powerful, wealthy PAC's. S. 2 wholly ignores the vast sums of "soft money" that are pumped into campaigns, without disclosure or limit. Further, S. 2 fails utterly in limiting campaign spending, instead transferring the burden of campaign financing onto the backs of American taxpayers.

S. 2 does not create a fairer political system, only welfare for politicians—and a system that favors special interests and crushes grassroots political participation. But before any damage is done, and before the public is forced to pay the price, we ought to discard the ill-conceived proposals contained in S. 2, and address reform issues which really affect the continued vitality of our electoral system.

Mr. President, I ask unanimous consent that the text of the bill appear in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1308

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Campaign Reform Act of 1987".*

#### LIMITATIONS ON CONTRIBUTIONS BY MULTICANDIDATE POLITICAL COMMITTEES

SEC. 2. Section 315(a)(2)(A) of the Federal Election Campaign Act of 1971 is amended to read as follows:

"(A) to any candidate and his authorized political committees, other than a national

political party or a political committee maintained by a national political party, with respect to any election for Federal office;"

#### RANDOM AUDITS OF SEPARATE SEGREGATED FUNDS AND NONPARTY MULTICANDIDATE POLITICAL COMMITTEES

SEC. 3. Section 311(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438), is amended—

(1) in the first sentence by striking out "(b) The Commission" and inserting in lieu thereof "(b)(1) The Commission"; and

(2) by adding at the end the following:

"(2)(A) In addition to the audits authorized under paragraph (1), the Commission shall conduct random audits of separate segregated funds and nonparty multicandidate political committees.

"(B) As used in this paragraph—

"(i) the term 'separate segregated fund' means a fund referred to in section 316(b)(2)(C); and

"(ii) the term 'nonparty multicandidate political committee' means a multicandidate political committee as defined in section 315(a)(4), except that such term does not include a multicandidate political committee of a political party."

#### REQUIREMENT FOR REPORTING CERTAIN EXEMPT CONTRIBUTIONS AND EXPENDITURES

SEC. 4. (a) Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) is amended by adding at the end thereof the following new subsection:

"(d)(1) When used in this subsection—

"(A) the term 'election' means—

"(i) in the case of a corporation or labor organization, an election (as defined in section 301(1)) with respect to which such corporation or labor organization is prohibited from making a contribution or expenditure under section 316; and

"(ii) in the case of a national committee of a political party, an election (as defined in section 301(1)) for any Federal office;

"(B) the term 'otherwise exempt activity' means any act of furnishing, arranging to be furnished, or otherwise making available any services, payment, or other benefit described in paragraph (A) or (B) of section 316(b)(2) (2 U.S.C. 441b(b)(2));

"(C) the terms 'corporation' and 'labor organization' have the same meanings as in section 316 (2 U.S.C. 441b).

"(2)(A) At the times prescribed in paragraph (4), a corporation shall file a report with the Commission under this subsection if, during the period for which the report is filed, such corporation has engaged in any otherwise exempt activity in connection with an election.

"(B) At the times prescribed in paragraph (4), a labor organization shall file a report with the Commission under this subsection if, during the period for which the report is filed, such labor organization has engaged in any otherwise exempt activity in connection with an election.

"(C) At the times prescribed in paragraph (4), each national committee of a political party shall file a report with the Commission under this subsection containing a declaration of whether, during the period for which the report is filed, such committee has engaged in any otherwise exempt activity in connection with an election. For purposes of this subparagraph, the term 'otherwise exempt activity' refers to an activity described in paragraph (8)(B) or (9)(B) of section 301 (2 U.S.C. 431 (8)(B) or (9)(B)).

"(3) Each person required to file a report under this subsection shall include in such report—

"(A) a description of each exempt activity engaged in, in connection with an election, by such person during the period covered by the report; and

"(B) the amount of each payment and the cost and fair market value of each of the services and other benefits described in the report in accordance with clause (A).

"(4) The reports under this subsection shall be filed at each of the times prescribed in subsection (a)(4)(A) for reports of political committees other than authorized committees of a candidate.

"(5)(A) Any nonprofit corporation, receiving reduced postal rates because of its status as a nonprofit corporation, which uses the mails to engage in any activity described in paragraph (1)(B) during the period 90 days immediately prior to a general or special election shall be subject to a fine as provided in subparagraph (B).

"(B) The Commission, upon receiving a complaint under subparagraph (A), or on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, by an affirmative vote of 4 of its members, may institute a civil action, including an order for a civil penalty which is an amount equal to the postage rate for first class mail for all of the mail relating to activities described in paragraph (1)(B), which is mailed during such 90-day period.

"(e)(1) Any independent expenditures (including those described in subsection (b)(6)(B)(iii)), by any person with regard to an election which may directly result in the election of a person to the office of United States Senator, which in the aggregate total more than \$10,000 shall be reported by such person to the Commission within 24 hours after such independent expenditures are made. Thereafter, any independent expenditures by such person in the same election aggregating more than \$5,000 shall be reported by such person to the Commission within 24 hours after such independent expenditures are made.

"(2) Such statements shall be filed with the Commission, Secretary of State for the State of the election involved and with the principal campaign committee of each candidate in the general election, and shall contain the information required by subsection (b)(6)(B)(iii) of this section and a statement filed under penalty of perjury by the person making the independent expenditures indicating whom the independent expenditures are actually intended to help elect or defeat. The Commission shall notify any candidate in the election involved about each such report within 24 hours after such report is made.

"(3) Notwithstanding the reporting requirements established in this paragraph, the Commission may make its own determination that a person has made independent expenditures with regard to an election which may directly result in the election of a person to the office of United States Senator that in the aggregate total more than \$10,000, and thereafter that in the aggregate total more than \$5,000.

"(4) The Commission shall notify each candidate in the election involved about each such determination within 24 hours after such determination is made."

(b) Section 316 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b) is amended by adding at the end thereof the following new subsection:

"(c) Any activity exempt under paragraph (A) or (B) of subsection (b)(2) shall be subject to the reporting requirements of section 304(d)."

#### DISCLOSURE OF INDEPENDENT EXPENDITURES

SEC. 5. (a) Section 318(a)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441d) is amended by deleting the period at the end thereof and inserting in lieu thereof the following: "except that whenever any person makes an independent expenditure through (A) a broadcast communication on any radio or television station, the broadcast communication shall include a statement—

"(i) in such television broadcast, that is clearly readable to the viewer and appears continuously during the entire length of such communication; or

"(ii) in such radio broadcast, that is clearly audible to the viewer and is aired at the beginning and ending of such broadcast,

setting forth the name of such person and in the case of a political committee, the name of any connected or affiliated organization, or (B) a newspaper, magazine, outdoor advertising facility, direct mailing or other type of general public political advertising, the communication shall include, in addition to the other information required by this subsection, the following sentence: 'The cost of presenting this communication is not subject to any campaign contribution limits,' and a statement setting forth the name of the person who paid for the communication and, in the case of a political committee, the name of any connected or affiliated organization and the name of the president or treasurer of such organization.

"(4) The person making an independent expenditure described in paragraph (3) shall furnish, by certified mail, return receipt requested, the following information, to each candidate and to the Commission, not later than the date and time of the first public transmission (e.g. first aired, mailed, published, or displayed):

"(A) effective notice that the person plans to make an independent expenditure for the purpose of financing a communication which expressly advocates the election or defeat of a clearly identified candidate;

"(B) an exact copy of the intended communication, or a complete description of the contents of the intended communication, including the entirety of any texts to be used in conjunction with such communication, and a complete description of any photographs, films, or any other visual devices to be used in conjunction with such communication;

"(C) all approximate dates and times when such communication will be publicly transmitted; and

"(D) each specific location, media channel, and publication through which the communication will be publicly transmitted."

#### INDEPENDENT EXPENDITURES

SEC. 6. (a) Section 301(17) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(17)) is amended by adding the following: "An expenditure shall constitute an expenditure in coordination, consultation, or concert with a candidate and shall not constitute an 'independent expenditure' where—

"(A) there is any arrangement, coordination, or direction with respect to the expenditure between the candidate or the candidate's agent and the person (including any officer, director, employee or agent of such person) making the expenditure;

"(B) in the same election cycle, the person making the expenditure (including any offi-

cer, director, employee or agent of such person) is or has been—

"(i) authorized to raise or expend funds on behalf of the candidate or the candidate's authorized committees,

"(ii) serving as an officer of the candidate's authorized committees, or

"(iii) receiving any form of compensation or reimbursement from the candidate, the candidate's authorized committees, or the candidate's agent;

"(C) the person making the expenditure (including any officer, director, employee or agent of such person) has communicated with, advised, or counseled the candidate or the candidate's agents at any time on the candidate's plans, projects, or needs relating to the candidate's pursuit of nomination for election, or election to Federal office, in the same election cycle, including any advice relating to the candidate's decision to seek Federal office;

"(D) the person making the expenditure retains the professional services of any individual or other person also providing those services to the candidate in connection with the candidate's pursuit of nomination for election, or election to Federal office, in the same election cycle, including any services relating to the candidate's decision to seek Federal office;

"(E) the person making the expenditure (including any officer, director, employee or agent of such person) has communicated or consulted at any time during the same election cycle about the candidate's plans, projects, or needs relating to the candidate's pursuit of election to Federal office, with: (i) any officer, director, employee or agent of a party committee that has made or intends to make expenditures or contributions, pursuant to subsection (a), (d), or (h) of section 315 in connection with the candidate's campaign; or (ii) any person whose professional services have been retained by a political party committee that has made or intends to make expenditures or contributions pursuant to subsection (a), (d), or (h) of section 315 in connection with the candidate's campaign; and

"(F) the expenditure is based on information provided to the person making the expenditure directly or indirectly by the candidate or the candidate's agents about the candidate's plans, projects, or needs, provided that the candidate or the candidate's agent is aware that the other person has made or is planning to make expenditures expressly advocating the candidate's election."

#### LIMITATION ON CANDIDATE EXPENDITURES FROM PERSONAL FUNDS

SEC. 7. Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a) is amended by adding at the end thereof the following:

"(1)(A) Within 15 days after a candidate qualifies for the primary election ballot, under applicable State law, such candidate shall file with the Commission and each other candidate who has qualified for such ballot, a declaration stating whether or not such candidate intends to expend funds and incur personal loans for the primary and general election a total amount, in the aggregate of \$250,000 or more from the following sources: (i) his personal funds, (ii) the funds of his immediate family, and (iii) personal loans incurred in connection with his campaign for such office.

"(B) For purposes of this subsection, 'immediate family' means a candidate's spouse, and any child, stepchild, parent, grandpar-

ent, brother, sister, half-brother, or half-sister of the candidate, and the spouse of any such person and any child, stepchild, parent, grandparent, brother, half-brother, sister, or half-sister of the candidate's spouse, and the spouse of any such person.

"(C) The statement required by this subsection shall be in such form, and contain such information, as the Commission may, by regulation, require.

"(2) Notwithstanding any other provision of law, in any election in which a candidate declares that he intends to expend or incur, in the aggregate, \$250,000 or more by expending from personal funds and funds of his immediate family and incurring personal loans for his campaign, or does expend funds and incur loans in a total in excess of such amount, or fails to file the declarations required by this subsection, the limitations on contributions in subsection (a) of this section, as they apply to all other individuals running for such office, shall be increased for such election as follows:

"(A) The limitations provided in subsection (a)(1)(A) shall be increased to \$10,000, and

"(B) The limitations provided in subsection (a)(3) shall be increased to an amount equal to 150 percent of such limitation, but only to the extent that contributions above such limitation are made to candidates affected by the increased level provided in subparagraph (A).

"(3) If the limitations in this section are increased pursuant to paragraph (2) for a convention or a primary election as they relate to an individual candidate, and if such individual candidate is not a candidate in any subsequent election in such campaign, including the general election, the provisions of subparagraph (A) of paragraph (2) shall cease to apply.

"(4) Any candidate who—

"(A) declares, pursuant to paragraph (1) that he does not intend to expend and incur, by expending from his personal funds and the funds of his immediate family and incurring personal loans in connection with his campaign an amount which in the aggregate totals \$250,000 or more; and

"(B) subsequently does spend funds or incur loans in excess of such amount, or intends to spend funds or incur loans in excess of such amount,

shall notify and file an amended declaration with the Commission and shall notify all other candidates for such office within 24 hours after changing such declaration or exceeding such limits, whichever first occurs, by sending such notice by certified mail, return receipt requested.

"(5) Any candidate who makes expenditures from his personal funds or the personal funds of his immediate family, or incurs personal loans in connection with his campaign for election to office may repay such loan for such expenditures, to himself or to his immediate family, from contributions made to such candidate or any authorized committee of such candidate, except that such loan shall be repaid only to the extent of the actual amount of the loan. Notwithstanding any other provision of law, repayment of any such loan shall not include any interest on the principle amount of such loan.

"(6) Notwithstanding any other provision of law, no candidate may make expenditures from his personal funds or the personal funds of his immediate family, or incur personal loans in connection with his campaign for election to such office at any time after 60 days before the date of such election.

The provisions of this paragraph shall apply to all candidates regardless of whether such candidate has reached the limits provided in this subsection.

"(7) The Commission shall take such action as it deems necessary under the enforcement provisions of this Act to assure compliance with the provisions of this subsection."

#### RESTRICTION ON BUNDLING OF CONTRIBUTIONS

Sec. 8. The Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by—

(1) redesignating sections 321, 322, and 323, and any reference to such sections, as sections 322, 323, and 324, respectively; and

(2) inserting after section 320, the following new section:

#### "RESTRICTION ON BUNDLING OF CONTRIBUTIONS

"Sec. 321. When any person, political committee, or national committee of a political party—

"(1) solicits or accepts contributions in the form of check or money order from any source, and

"(2) combines the amount of any such contributions and contributes such combined amount (or any portion of any such amount or contribution) to a candidate for Federal office, or to the authorized agent or authorized political committee of such candidate,

then all such solicited or accepted contributions made through a check or money order shall be made payable to a specific payee by the original drawer of the check or money order."

#### SEMIANNUAL REPORTS BY PARTY POLITICAL COMMITTEES OF PAYMENTS UNDER SECTION 301(8)(B)(XV) AND COSTS UNDER SECTION 301(9)(B)(XI)

Sec. 9. Section 304(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a)) is amended by adding at the end thereof the following:

"(11) if the committee is a political committee of a political party, with respect to payments under section 301(8)(B)(xv) and costs under section 301(9)(B)(xi) the treasurer shall file—

"(A) a report covering the period beginning January 1 and ending June 30, which shall be filed no later than July 31; and

"(B) a report covering the period beginning July 1 and ending December 31, which shall be filed no later than January 31 of the following calendar year."

#### SOFT MONEY REPORTING REQUIREMENTS FOR NATIONAL COMMITTEES OF POLITICAL PARTIES

Sec. 10. (a) Section 304(b)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(2)) is amended—

(1) in subparagraph (J), by striking out "and" after the semicolon;

(2) in subparagraph (K), by inserting "and" after the semicolon; and

(3) by adding at the end the following:

"(L) for a national committee of a political party, all funds received, from any source, for purposes other than to influence a Federal election;"

(b) Section 304(b)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(3)) is amended—

(1) in subparagraph (F), by inserting "and" after the semicolon;

(2) in subparagraph (G), by inserting "and" after the semicolon; and

(3) by adding at the end the following:

"(H) for a national committee of a political party, person, or organization providing

funds to the committee for purposes other than to influence a Federal election;"

(c) Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended—

(1) in subparagraph (H), by striking out "and" after the semicolon at the end thereof;

(2) in subparagraph (I), by inserting "and" after the semicolon; and

(3) by adding at the end the following new subparagraph:

"(J) for a national committee of a political party, all disbursements from funds received for a purpose other than to influence a Federal election;"

#### AMENDMENTS TO DEFINITION OF CONTRIBUTION

Sec. 11. (a) Section 301(8)(A)(i) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(A)(i)) is amended by inserting after "Federal office" the following: "or for the purpose of expressly advocating that a clearly identified individual become a candidate for Federal office".

(b) Section 301(8)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)) is amended—

(1) in clause (xiii), by striking out "and" after the semicolon;

(2) in clause (xiv), by striking out the period and inserting in lieu thereof "; and"; and

(3) by adding at the end the following:

"(xv) with respect to a political committee of a political party, any payment to such committee specifically designated to defray establishment, administration, and solicitation costs of such committee."

(c)(1) Section 301(8)(B)(x) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)(x)) is amended by striking out "by a State" and inserting in lieu thereof "by a national, State,"

(2) Section 301(8)(B)(xii) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)(xii)) is amended by—

(A) striking out "by a State" and inserting in lieu thereof "by a national, State,"; and

(B) striking out "for President and Vice President".

#### AMENDMENTS TO DEFINITION OF EXPENDITURE

Sec. 12. (a) Section 301(9)(A)(i) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(9)(A)(i)) is amended by inserting after "Federal office" the following: "or for the purpose of expressly advocating that a clearly identified individual become a candidate for Federal office".

(b) Section 301(9)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(9)(B)) is amended—

(1) in clause (ix), by striking out "and" after the semicolon;

(2) in clause (x), by striking out the period and inserting in lieu thereof "; and"; and

(3) by adding at the end the following:

"(xi) with respect to a political committee of a political party, any establishment, administration, or solicitation costs of such committee;"

(c)(1) Section 301(9)(B)(viii) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(9)(B)(viii)) is amended by striking out "by a State" and inserting in lieu thereof "by a national, State,"

(2) Section 301(9)(B)(ix) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(9)(B)(ix)) is amended by—

(A) striking out "by a State" and inserting in lieu thereof "by a national, State,"; and

(B) striking out "for President and Vice President".

**CIVIL ACTION FOR PROHIBITED USE OF INFORMATION IN REPORTS AND STATEMENT FILED WITH THE COMMISSION**

SEC. 13. Section 307(e) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437d(e)) is amended by inserting "and except with respect to a violation of the copied information provision in section 311(a)(4)," after "of this title."

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SEC. 14. Section 311(a)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438(a)(4)) is amended by—

(1) striking out the semicolon at the end thereof and inserting in lieu thereof a period; and

(2) adding at the end thereof the following: "Nothing in this title shall be construed to annul or limit any rights under title 17 of the United States Code with respect to any of the exclusive rights within the general scope of copyright or shall be construed to limit or delay any remedies thereunder; provided, however, that the Commission shall not be liable for copyright infringement for fulfilling its duties under this section;"

**AUDIT PROCEDURES**

SEC. 15. Section 311(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438(b)) is amended by adding at the end of paragraph (1), as amended by section 3 of this Act, the following: "Audits under this subsection shall be conducted in accordance with procedures published by the Commission. Before any vote relating to any audit findings, the Commission shall give the political committee involved an opportunity to respond in writing to any information relating to the prospective audit furnished to the Commission by the general counsel or any other member of the staff of the Commission."

**COMMISSION ON CAMPAIGN FINANCING**

SEC. 16. (a) It is the sense of the Congress that there should be established a bipartisan commission on campaign financing to develop a means of campaign financing which—

(1) promotes the availability of qualified candidates for congressional office,

(2) permits candidates, irrespective of their personal financial resources, the opportunity to communicate effectively with the electorate,

(3) protects the integrity of the legislative process, and

(4) promotes participation of political parties, including State and local political parties, in the electoral process, and

(5) promotes, to the greatest extent possible, public confidence in both the electoral and legislative processes.

(b) Such Commission should consider and study the Federal laws and regulations and public commentary relating to the financing of the elections of Members of Congress, the financial disclosure requirements made of candidates in such elections, and the effects of such laws and regulations and the practices which they permit or require. Such study and consideration should give particular attention to the extent, if any, to which current and proposed campaign financing practices and financial disclosure requirements affect the availability of candidates for congressional elections, and to the extent, if any, to which such practices and requirements affect the integrity of the legislative process or undermine public confidence in our representative form of Government.

**SEVERABILITY**

SEC. 17. If any provision of this Act or any amendment made by this Act, or the application of any such provision to any person or circumstance is held invalid, the validity of any other such provision, and the application of such provision to other persons and circumstances shall not be affected thereby.

**EFFECTIVE DATE**

SEC. 18. This Act and the amendments made by this Act shall become effective on the date of enactment and shall apply to all contributions and expenditures made after such date.

Mr. PACKWOOD. Mr. President, I am pleased to join today with Senator McCONNELL and 13 others in introducing legislation to reform our campaign finance laws. Too often in considering legislation we lose sight of what our goals should be. Let me suggest, in my judgment, what should be the two principal goals of campaign reform legislation.

First. A significant reduction in the maximum size of contributions from political action committees.

Second. More reliance on small financial contributions from millions of people directly to political campaigns.

The bill we are introducing today would achieve both of these goals. It eliminates PAC contributions to individual candidates. This encourages candidates to be involved in the grass-roots level, to go door-to-door for contributions, thus giving the voters a sense of public participation in our democratic electoral process.

Our bill is an alternative to S. 2, reported by the Rules Committee on May 14, 1987. While the Rules Committee bill limits PAC's, it does not go far enough. While it imposes an overall limit on how much a campaign may accept from PAC's, it leaves intact the \$5,000 PAC contribution to an individual candidate. Our bill reduces the \$5,000 PAC contribution limit to zero.

Through my past votes and amendments, I have consistently supported PAC contribution limits:

First. In 1973 I introduced an amendment to cut the PAC contribution limit from \$5,000 to \$3,000. My amendment passed in the Senate 74 to 7.

Second. In 1977 I again voted to reduce the PAC limit to \$3,000. The amendment was tabled 63 to 33.

Third. In 1986 I voted for Senator BOREN's amendment to reduce the PAC limit to \$3,000.

The Rules Committee bill would create public financing for Senate elections; we oppose that. This type of payment does not give the voters any sense of participation in our democratic electoral process. There is no sense of public participation in taking money out of the Public Treasury and giving it to us to run for re-election. On the other hand, if we can encourage millions of people to give \$5, or \$10, or \$50 directly to a campaign, that

will ensure the sense of participation we are trying to achieve.

I do not believe most candidates have explored the extent to which they can finance a campaign through small contributions. Where candidates have tried to collect small contributions, they have succeeded. In my campaign for reelection in 1986, I had over 161,000 contributions—95 percent of those were contributions of \$50 or less. As a matter of fact, political action committees provided only 14 percent of my total campaign contributions.

The goal, then, of any campaign reform legislation should be to encourage direct financial participation in political campaigns by millions of people contributing small amounts of money directly to campaigns, while at the same time limiting larger contributions of political action committees to campaigns.

The challenge is to make congressional campaigns more competitive, less dependent on large contributors, and financed by a broader segment of the population, while at the same time avoiding publicly financed campaigns paid by Treasury funds. If we force candidates to finance their campaign by thousands and thousands of small contributions, then the candidate will have to go door to door, and be involved at the grass-roots level. Ironically, the candidates this will favor the most are not incumbent U.S. Senators or Representatives, who of necessity must spend most of the year in Washington, DC. Rather it will favor their challengers, who can stay in the State all year long, who will have a good base of support, and who will have hundreds of followers who believe in them and will help them raise money through small donations.

The goal, then, should be to emphasize small donations given directly to deserving candidates—not some lump sum given to undeserving and undeserving candidates alike, as would be the case under the Rules Committee bill, S. 2.

It is my hope that Senators will see the wisdom of the individual, rather than the Government, determining to whom campaign funds will go. The link between voters and candidates is strengthened under our bill by the necessary grass-roots work that would result, which requires candidates to raise money in small quantities from many donors, making candidates aware of contributors' concerns and hence more responsive once elected. That link is weakened under Treasury public financing. I look forward to working with my colleagues in the weeks and months ahead on reforming our campaign finance laws. It is time we come up with reforms that make sense and which will truly address the public's concerns.

By Mr. CRANSTON (for himself, Mr. DURENBERGER, Ms. MIKULSKI, Mr. BURDICK, Mr. DECONCINI, Mr. EVANS, Mr. KENNEDY, Mr. KERRY, Mr. MATSUNAGA, Mr. MOYNIHAN, and Mr. RIEGLE):

S. 1309. A bill to ensure economic equity for American women by providing retirement security, making quality dependent care available, ending discrimination in insurance and commercial credit, providing equal employment opportunity and pay equity, protecting welfare of spouses of persons institutionalized under the Medicaid Program, and for other purposes; to the Committee on Finance.

#### ECONOMIC EQUITY ACT

Mr. CRANSTON. Mr. President, on behalf of myself and the distinguished Senator from Minnesota [Mr. DURENBERGER], I am pleased to introduce today, S. 1309, the proposed Economic Equity Act of 1987 [EEA].

We are joined in cosponsoring this legislation by the Senator from Maryland [Ms. MIKULSKI], the Senator from North Dakota [Mr. BURDICK], the Senator from Arizona [Mr. DECONCINI], the Senator from Washington [Mr. EVANS], the Senators from Massachusetts [Mr. KENNEDY and Mr. KERRY], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from New York [Mr. MOYNIHAN], and the Senator from Michigan [Mr. RIEGLE].

The proposed Economic Equity Act of 1987 is being introduced and sponsored in the House by members of the Congressional Caucus for Women's Issues. The Congressional Caucus on Women's Issues which is celebrating its 10th anniversary this year has played a key role in past Congresses in developing and securing passage of the legislative initiatives contained in the Economic Equity Act.

As in past Congresses, this bipartisan, bicameral legislation is intended to provide a blueprint and an agenda for congressional action to eliminate many of the economic inequities facing millions and millions of American women. Indeed, over the past several years the EEA has become an institution in the fight for women's rights in the U.S. Congress. Beginning with some modest victories in the 97th Congress, the EEA's first year of introduction, we have made major strides in subsequent Congresses. In the 98th Congress we achieved victories with private and public pension reform, child support enforcement, and two child care initiatives. The 99th Congress enacted into law six Economic Equity Act provisions, including health insurance continuation, the enactment of provisions relating to private and military pension reforms, child care for higher education students, and tax reforms.

Before the end of this decade, no doubt many more of the provisions of

the EEA will have also been enacted. Mr. President, I am convinced that before the turn of this century, we will have put behind us the arbitrary and discriminatory practices that today deny women economic equity. The EEA has and will continue to play a critical role in breaking down these artificial barriers of economic discrimination.

The 1987 Economic Equity Act, divided into two titles—Work and Family—represents a comprehensive, forward-looking approach to improving the economic well-being of American women and families. It takes into account the differing needs of older women and younger women, wage-earners and homemakers, and single heads-of-household as well as women who own their own businesses. It balances proposals for long-range, fundamental reforms with more immediate, incremental reforms. This diversity and universal applicability of the EEA to women in all walks of life is one of its greatest strengths.

I am particularly pleased that the 1987 act includes a major emphasis on the issue of child care. Lack of access to adequate child care services is a major barrier to the attainment of economic security for countless families throughout the Nation. A majority of mothers of small children are in the work force today. That is the reality that public officials and private employers must face up to.

Figures published by the Department of Labor last year indicated that almost half—46.8 percent of mothers of children under the age of 1 and nearly two-thirds—65 percent—of those with children under the age of 3 are in the work force. It is also a reality that the supply of affordable, adequate child care is simply insufficient to meet the need. In virtually every community, there are long waiting lists for existing child care programs. This problem has a profound impact upon women in the work force.

A woman must feel confident that she has left her children in good hands if she is to seek an outside job with an easy mind—and to perform that job effectively once she has found it. We must not penalize women for being mothers, or mothers for working to support their families. I am convinced that equal opportunity for women will remain a largely meaningless slogan until adequate child care is widely obtainable.

During the past year, I held an extensive series of community forums throughout my own State of California focused upon the child care crisis. At these community forums, I had the opportunity to meet with and hear the concerns of hundreds of Californians regarding the inadequacy of child care services.

Mr. President, it is not an exaggeration to say that what was once a major

problem is now a major crisis. During the past 6 years under the Reagan administration, the Nation's inadequate supply of child care has deteriorated even further. At the same time that the Federal Government has reduced its funding for existing child care programs, the number of mothers of young children entering the labor force has continued to grow.

It is equally important to understand that these mothers are in the work force for one major reason; economic necessity. Two-thirds of the women in the work force are either sole providers or have husbands who earn less than \$15,000. In 1983, 25 percent of the married women in the work force had husbands earning less than \$10,000; 50 percent under \$20,000 and nearly 80 percent less than \$30,000. The earnings of these women play a critical role in the economic well-being of their families. For the one in six American families headed by a woman, of course, her earnings are a matter of simple survival.

It is well past time for us to make a major effort to address this problem of an inadequate supply of child care. I am certain that the focus of the 1987 Economic Equity Act will contribute enormously to our effort to make significant progress on this issue during the 100th Congress.

#### SUMMARY OF THE ACT

Mr. President, I want to describe briefly the provisions of the 1987 EEA. As I indicated earlier, the bill is divided into two principal parts—work and family. Under the work title, the EEA addresses issues of pay equity and economic security. The family title addresses the lack of affordable, quality child care available in our country today through a dependent care package.

#### EMPLOYMENT

Mr. President, a major focus of the 1987 EEA is fairness in the workplace. This issue directly affects the well-being and economic security of millions of American families struggling to earn a decent living.

#### PAY EQUITY

I am delighted that the 1987 EEA includes S. 552, the proposed Federal Employee Compensation Act of 1987, legislation which I coauthored with the distinguished Senator from Washington [Mr. EVANS]. This bipartisan measure is based upon legislation which Senator EVANS and I first introduced in the 99th Congress. It would provide for a study of the classification, grading, and pay-setting practices of the Federal Government to determine whether the wages paid in positions in which women or minorities are disproportionately represented are lower than the responsibilities, duties, difficulty, or qualification requirements of the work performed.